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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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SAS GROUP, INC., a New York corporation,

Plaintiff,

-against-

CHEMPLEX AUTOMOTIVE GROUP, INC., a  
California corporation,

Defendant.

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Civil Action No. 07-CIV-10262 (SCR/GAY)

**INITIAL JOINT STATUS REPORT**

Pursuant to Federal Rule of Civil Procedure 26(f) and Hon. Judge Stephen Robinson's Order of November 20, 2007, the parties to the above-captioned proceeding, Plaintiff, SAS GROUP, INC. ("SAS" or "Plaintiff"), and Defendant, CHEMPLEX AUTOMOTIVE GROUP, INC. ("Chemplex" or "Defendant"), by their undersigned counsel submit this Joint Initial Status Report:

1. **Complaint, Answer and Counterclaims.**

Plaintiff's Complaint alleges a cause of action for declaratory judgment. Plaintiff alleges that its trademark and trade dress for a line of automotive gas additive products do not infringe upon the trademarks or trade dress of a line of automotive gas additive products manufactured by Chemplex. Plaintiff filed its Complaint for declaratory judgment on November 9, 2007, pursuant to 28 U.S.C. §§2201 and 2202.

Pursuant to Stipulation and Court Order, Defendant filed an Amended Answer and Counterclaims on March 31, 2008. Defendant in its Amended Answer and Counterclaims asserts affirmative defenses of failure to state a claim and unclean hands. Defendant also asserts counterclaims for copyright infringement, false designation of origin under the Lanham Act, and unfair competition under New York statutory law (GBL §349) and New York common law.

2. **Jurisdiction:**

Plaintiff asserts jurisdiction is appropriate in this Court pursuant to 28 U.S.C. §1331 and 1338, as this action arises under Federal Trademark Law.

Plaintiff asserts jurisdiction is appropriate with regard to its action for a declaratory judgment under 28 U.S.C. §§2201 and 2202 as there allegedly exists a real, actual and justiciable controversy between the parties.

Defendant asserts jurisdiction is appropriate with respect to its Counterclaims pursuant to 28 U.S.C. §§1331 and 1338.

The parties assert venue is appropriate in this Court pursuant to 28 U.S.C. §1391(a) because a substantial part of the events or omissions giving rise to the Plaintiff's claims occurred in this judicial district and SAS, which is headquartered in Westchester County, does business within this judicial district.

3. **Contemplated Motions.**

Plaintiff has moved to dismiss Defendant's Counterclaims under Fed.R.Civ.P. 12(b)(6). Plaintiff filed such motion to dismiss on May 9, 2008. Defendant has until June 17, 2008 by which to serve opposition to Plaintiff's motion, and Plaintiff has until July 1, 2008 by which to serve its reply.

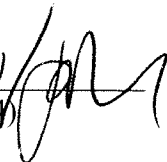
4. **Settlement Discussions.**

There have been settlement discussions between the parties, but, as of this date, the parties have been unable to resolve this dispute.

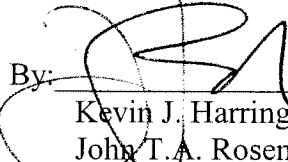
RESPECTFULLY SUBMITTED this 54 day of June, 2008.

MOSES & SINGER LLP

HARRINGTON, OCKO & MONK, LLP

By: Philippe Zimmerman 

Philippe Zimmerman (PZ-7744)  
Julie Stark (JS-8925)  
405 Lexington Avenue  
New York, New York 10174  
Tel. (212) 554-7800  
Fax (212) 554-7700

By: Kevin J. Harrington 

Kevin J. Harrington (KH-5027)  
John T.A. Rosenthal (JT-4819)  
81 Main Street, Ste. 215  
White Plains, New York 10601  
Tel. (914) 686-4800  
Fax (914) 686-4824

*Attorneys for Plaintiff*  
*SAS GROUP, INC.*

and

KNOBBE, MARTENS, OLSON & BEAR,  
LLP

Jeffrey L. Van Hoosear (*admitted pro hac vice*)  
Lynda J. Zadra-Symes (*admitted pro hac vice*)  
Jared C. Bunker (*admitted pro hac vice*)  
2040 Main Street  
Fourteenth Floor  
Irvine, CA 92614  
Phone: (949) 760-0404  
Facsimile: (949) 760-9502

*Attorneys for Defendant CHEMPLEX*  
*AUTOMOTIVE GROUP, INC.*